

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2625 – SB 2655

March 3, 2010

SUMMARY OF AMENDMENTS (014469, 014541): Amendment 014469 changes multiple references of home improvement contract to contract for home improvement services, changes the definition of “contract for home improvement services” to include contractual agreement in written or oral form, and makes multiple corrections to section references within the bill. Amendment 014541 increases, from 45 to 90 days, the amount of time that must pass between the start date of a contract for home improvement services and the date that determines that an offense has occurred.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – Not Significant/Board for Licensing Contractors
Increase State Expenditures - \$342,800/Incarceration*

Increase Local Revenue – Not Significant
Increase Local Expenditures – Not Significant

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Unchanged from the original fiscal note.

Assumptions applied to amendments:

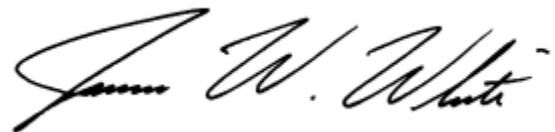
- Violations of the Tennessee Consumer Protection Act of 1977 are punishable through civil penalties, private rights of action, and as a Class B misdemeanor.
- A small increase in cases in the court system, which will result in additional state and local government expenditures for processing the cases and additional state and local government revenue from fees, taxes and costs collected. These expenditures and revenue are estimated to be not significant.
- Any costs to the Board for Licensing Contractors for the changes proposed through this amendment can be accommodated within existing resources without an increased appropriation or reduced reversion.

- According to the Department of Correction (DOC), the average operating cost per offender per day for calendar year 2010 is \$59.86.
- According to the Department of Commerce and Insurance, there are currently 1,354 licensed home improvement contractors in the state. DOC estimates that one-half of one percent of these contractors ($1,354 \times .005 = 6.77$) will violate the provisions of this bill and will be convicted of a Class D felony offense of theft with a value of \$1,000 to \$10,000.
- According to the U.S. Census Bureau, population growth in Tennessee has been 1.12 percent per year for the past 10 years, yielding a projected compound population growth of 11.78 percent over the next 10 years. Population growth will result in one additional offender. The maximum cost in the tenth year, as required by Tenn. Code Ann. § 9-4-210, is based on eight offenders.
- According to DOC, the average post-conviction time served for a Class D felony is 1.96 years (715.89 days). The cost per offender is \$42,853.18 ($\59.86×715.89 days). The total additional operating cost for eight offenders is \$342,825.44 ($\$42,853.18 \times 8$).

**Tennessee Code Annotated, Section 9-4-210, requires that: For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated from recurring revenues shall be based upon the highest cost of the next 10 years.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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